



General Assembly

**Substitute Bill No. 6763**

January Session, 2015



**AN ACT CONCERNING SOCIAL INNOVATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-68aa of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 (a) As used in this section:

4 (1) "Savings" means a reduction in state expenditures, as such  
5 expenditures are defined in an outcome-based performance contract;

6 ~~[(1)]~~ (2) "Secretary" means the Secretary of the Office of Policy and  
7 Management, or the secretary's designee;

8 ~~[(2)]~~ (3) "Social innovation investment enterprise" means an entity  
9 (A) created to coordinate the delivery of preventive social programs by  
10 nonprofit service providers, ~~[which]~~ and (B) that has the capability of  
11 creating a social investment vehicle, entering into outcome-based  
12 performance contracts and contracting with service providers;

13 ~~[(3)]~~ (4) "Social investment vehicle" means an investment product  
14 established by a social innovation investment enterprise to raise  
15 private investment capital; ~~[and]~~

16 ~~[(4)]~~ (5) "Outcome-based performance contract" means a contract

17 entered into between the secretary or an agency authorized by the  
18 secretary and a social innovation investment enterprise that establishes  
19 outcome-based performance [standards] benchmarks for preventive  
20 social programs delivered by nonprofit service providers and provides  
21 that investors in any social investment vehicle shall receive a return of  
22 their investment and earnings thereon only if such outcome-based  
23 performance [standards] benchmarks are met by the non-profit service  
24 providers contracted with the social innovation investment enterprise;  
25 and

26 (6) "Preventive social program" means a program designed to  
27 reduce, reverse or eliminate societal problems, including, but not  
28 limited to, poverty, homelessness, unemployment, poor academic  
29 achievement, offender recidivism, child abuse and neglect, juvenile  
30 delinquency and poor health.

31 (b) The secretary, or an agency authorized by the secretary, may  
32 enter into an outcome-based performance contract with a social  
33 innovation investment enterprise for the purpose of [accepting a  
34 United States Department of Justice fiscal year 2012 Second Chance  
35 Act Adult Offender Reentry Program Demonstration Category 2  
36 Implementation grant. The outcome-based performance contract  
37 between the secretary and a social innovation investment enterprise  
38 may provide for payments from the social innovation account,  
39 established pursuant to subsection (d) of this section, to the social  
40 innovation investment enterprise or to investors or to both.] delivering  
41 preventive social programs. The outcome-based performance contract  
42 shall be based on a written proposal deemed sufficient by the secretary  
43 that demonstrates savings will be generated by the social innovation  
44 investment enterprise through the accelerated achievement of  
45 outcome-based performance benchmarks.

46 (c) Any outcome-based performance contract authorized by the  
47 secretary, pursuant to the provisions of this section, shall include, but  
48 not be limited to: (1) Payment conditioned on the achievement of  
49 outcome-based performance benchmarks; (2) an objective

50 determination by an independent evaluator that the outcome-based  
51 performance benchmarks have been met; (3) a calculation of the  
52 amount and timing of payments that would be earned by the  
53 providers of capital in the social investment vehicle each year of the  
54 contract if outcome-based performance benchmarks are achieved; (4) a  
55 provision concerning appropriation requests for each fiscal year for the  
56 nonlapsing social innovation account, established pursuant to this  
57 section, in an amount equal to the expected payments that the state  
58 would ultimately be obligated to pay if outcome-based performance  
59 benchmarks were achieved; and (5) a fiscal analysis by the secretary or  
60 any agency authorized by the secretary as to projected savings in  
61 specific governmental service areas related to achievement of outcome-  
62 based performance benchmarks.

63 (d) When considering entering into an outcome-based performance  
64 contract with a social innovation investment enterprise, the secretary,  
65 or any agency authorized by the secretary, shall present to the joint  
66 standing committees of the General Assembly having cognizance of  
67 matters concerning the preventive social program and appropriations  
68 and the budgets of state agencies: (1) A summary statement that shall  
69 include policy areas to be addressed by such contract; (2) the  
70 preventive social program to be delivered; (3) a general description of  
71 outcome-based performance benchmarks and metrics to be used to  
72 measure whether such benchmarks were achieved; and (4) a general  
73 estimate of savings.

74 (e) After entering into an outcome-based performance contract with  
75 a social innovation investment enterprise, the secretary, or any agency  
76 authorized by the secretary, shall present to said joint standing  
77 committees, the terms and conditions of the contract, along with the  
78 executive summary of the agreement, detailing: (1) The social  
79 innovation investment for which the contract is being entered into; (2)  
80 the outcome-based performance benchmarks being used; (3) a  
81 calculation of the amount and timing of state payments if outcome-  
82 based performance benchmarks are achieved; (4) projected savings in

83 specific governmental service areas related to achievement of outcome-  
84 based performance benchmarks; and (5) projected appropriations  
85 necessary for fiscal years subsequent to the current biennium to fund  
86 the social innovation account established pursuant to this section.

87 (f) For each outcome-based performance contract entered into  
88 pursuant to this section, the secretary, or any agency authorized by the  
89 secretary, shall report annually during the contract period and not  
90 later than six months after the conclusion of the contract period on the  
91 status of such contracts to said joint standing committees. Such report  
92 shall include information on (1) the achievement by the non-profit  
93 service provider of outcome-based performance benchmarks; (2)  
94 returns on investment for the social investment vehicle; and (3) fiscal  
95 analyses of savings achieved in specific governmental service areas  
96 related to the contract.

97 [(c)] (g) The secretary, or any agency authorized by the secretary  
98 pursuant to subsection (b) of this section, shall comply with the  
99 provisions of section 4e-16 relating to privatization contracts when  
100 entering into an outcome-based performance contract with a social  
101 innovation investment enterprise pursuant to this section.

102 [(d)] (h) There is established an account to be known as the "social  
103 innovation account" which shall be a separate, nonlapsing account  
104 within the General Fund. The account shall contain any moneys  
105 required by law to be deposited in the account. Any interest accruing  
106 to the account shall be credited to the account. Moneys may be  
107 transferred to the account from the General Fund. Moneys in the  
108 account shall be expended by the [Secretary of the Office of Policy and  
109 Management for the purposes of facilitating the reentry of moderate  
110 and high-risk offenders into the community] secretary, or any agency  
111 authorized by the secretary, solely to provide payments to the social  
112 innovation enterprise, investors, or both, and related administrative  
113 costs, in accordance with the terms of an outcome-based performance  
114 contract. The secretary, or any agency authorized by the secretary, may  
115 apply for and accept gifts, grants or donations from public or private

116 sources to enable the account to be a source of payments to investors  
117 purchasing interests in a social investment vehicle.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2015</i>	4-68aa
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ncy and accuracy.

**HS**            *Joint Favorable Subst.*

**APP**          *Joint Favorable*